

## Message Text

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53

ACTION OES-06

INFO OCT-01 ARA-10 EUR-12 IO-13 ISO-00 CIAE-00 DODE-00

PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01

SP-02 SS-15 USIA-15 FEA-01 ACDA-10 EB-07 NRC-07

ERDA-07 /130 W

----- 047525

P R 081928Z DEC 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 9045

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMCONSUL RIO DE JANEIRO

USMISSION IAEA VIENNA

UNCLAS BRASILIA 10080

E.O. 11652: N/A

TAGS: TECH, GW, BR

SUBJECT: GERMAN OFFICIALS REPORTEDLY ADMIT REEXAMINATION OF THE  
BRAZILIAN/GERMAN NUCLEAR AGREEMENT

1. SUMMARY. ACCORDING TO PRESTIGIOUS ESTADO DE  
SAO PAULO, GERMAN OFFICIALS ARE CONSIDERING THE  
SUBSTITUTION OF A LONG-TERM FUEL SUPPLY GUARANTEE  
FOR THE TRANSFER OF NUCLEAR REPROCESSING AND  
ENRICHMENT FACILITIES. THESE SOURCES BELIEVE TO  
HAVE DETECTED A MEASURE OF FLEXIBILITY IN BRAZIL  
TOWARD RENEGOTIATION OF THE BRAZIL/FRG NUCLEAR  
AGREEMENT. END SUMMARY.

2. ACCORDING TO O ESTADO DE SAO PAULO'S  
CORRESPONDENT IN BONN, WILLIAM WAACK (DEC. 4, 1976),  
WEST GERMAN OFFICIALS HAVE ADMITTED THE POSSIBILITY  
THAT "CRITICAL ASPECTS" OF BRAZILIAN/GERMAN NUCLEAR  
AGREEMENT WOULD BE REEXAMINED. THE SUPPLY OF  
ENRICHMENT AND REPROCESSING FACILITIES TO  
BRAZIL MIGHT BE REPLACED BY OTHER MEASURES,  
SUCH AS A CONTRACT GUARANTEEING THE SUPPLY OF NUCLEAR FUEL FOR  
BRAZIL'S REACTORS BY WEST GERMANY.

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3. THE CORRESPONDENT REPORTS THAT THE FRG DOES

NOT PLAN TO REACH DECISIONS IN THIS AREA UNTIL PRESIDENT-ELECT CARTER HAS TAKEN OFFICE AND DECIDES ON A COURSE OF ACTION. GERMAN OFFICIALS HAVE REPORTEDLY STATED THAT THEY ALSO CONSIDER IT NECESSARY TO AWAIT MORE DETAILED TECHNICAL DATA, WHICH MIGHT MAKE SUPERFLUOUS THE CURRENT DISCUSSIONS ON THE NECESSITY OF NUCLEAR REPROCESSING UNITS IN BRAZIL. ACCORDING TO THESE OFFICIALS, "PROGMATIC AND RATIONAL SOLUTIONS" MUST BE FOUND, WITH THE OBJECTIVE OF SAVING THE PRESTIGE OF THE THREE COUNTRIES INVOLVED. SHOULD THE US EXERCISE STRONG PRESSURES, THE ARTICLE CONTINUES, THE FRG WOULD NOT BE IN A POSITION TO RESIST FOR VERY LONG.

4. GERMAN TECHNICIANS HAVE REPORTEDLY ADVANCED CERTAIN HYPOTHESES, WHICH THEY THEMSELVES CONSIDERED "UTOPIAN", BUT WHICH MIGHT AFFECT THE BRAZILIAN/GERMAN AGREEMENT. ONE OF THESE IS THAT THERE WOULD BE AN OVER-SUPPLY OF ENRICHED URANIUM IN THE INTERNATIONAL MARKET IN THE LONG RUN, OR THAT THE ADVANCE OF NUCLEAR TECHNOLOGY MIGHT EVEN MAKE THIS FUEL UNNECESSARY IN THE FUTURE. THE FIRST BRAZILIAN ENRICHMENT PLANT, THE ARTICLE NOTES, NOW IS NOT EXPECTED TO BECOME OPERATIVE BEFORE 1982; THE CONTRACTS ARE EXPECTED TO BE SIGNED THIS COMING JANUARY. OTHER HYPOTHESES ARE THAT THE DIMENSIONS OF THE REPROCESSING PLANT TO BE SUPPLIED TO BRAZIL MIGHT HAVE TO BE REEXAMINED, OR THAT BRAZIL MIGHT OPT FOR RETURNING THE SPENT FUEL FOR REPROCESSING IN GERMANY FOR PURELY ECONOMIC REASONS. ANOTHER GERMAN TECHNICIAN REPORTEDLY SUGGESTED THAT IT MIGHT BE DESIRABLE TO STORE THE SPENT FUEL FOR THE TIME BEING AND AWAIT NEW TECHNOLOGICAL DEVELOPMENTS IN THIS AREA. GERMAN TECHNICIANS ALSO REPORTEDLY RAISED THE POSSIBILITY THAT BRAZIL AND GERMANY MIGHT AGREE TO EXCHANGE NUCLEAR FUEL FOR BRAZILAN RAW MATERIALS, ON A PRIORITY BASIS, IN CASE ENRICHMENT AND REPROCESSING PLANTS ARE NOT BUILT IN BRAZIL.

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5. THE ESTADO DE SAO PAULO CORRESPONDENT COMMENTS THAT MAJOR POLITICAL DIFFICULTIES WILL HAVE TO BE OVERCOME, AND THAT ON THE GERMAN SIDE THERE IS SOME UNCERTAINTY CONCERNING THE GOB'S RESPONSE TO THESE ALTERNATIVES. HE NOTED THAT ALTHOUGH GERMAN FOREIGN OFFICE SOURCES HAVE REFUSED TO SPECULATE ON THE SUBJECT, "THERE IS A

CONVICTION AMONG THEM THAT TO ASSUME POSITIONS  
OF FORCE AND TO STAND UP TO AMERICAN PRESSURES  
WITHOUT MAKING CONCESSING WOULD BE UNREALISTIC".

6. ACCORDING TO THE CORRESPONDENT, GERMAN OFFICIAL  
CIRCLES HAVE DETECTED A MEASURE OF FLEXIBILITY  
ON THE BRAZILIAN SIDE IN THE FACE OF A POSSIBLE RENEGOTIA-  
TION WHICH MIGHT FUNDAMENTALLY ALTER THE CHARACTER  
OF THE BRAZILIAN/GERMAN AGREEMENT. THE ARTICLE  
POINTS OUT THAT BRAZILIAN AUTHORITIES HAVE OFTEN  
STATED THAT THE CHIEF BRAZILIAN OBJECTIVE IN  
SEEKING ALTERNATIVES FOR ITS NUCLEAR PROGRAM IN  
EUROPE WAS TO GUARANTEE ITS TECHNOLOGICAL  
INDEPENDENCE.  
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